

Fin (195⁴⁸) Department.

Ms. SERIES.

G.O. No.

1078.

1078

Dated

24 - 11 - 48.

[Despatch Abstract.]

Ways and Means- Liabilities of the Banganapalle and Pudukottai States- Outstanding on the Date of merger with the Government of Madras- availability for repayment by the Madras Government - Orders issued.

No. D.134-P/48.

From

The Under Secretary to the Government
of India, Ministry of States.

To

(The Secretary to the Government of Madras
Finance Department,
Madras.

Dated New Delhi, the 5th November 1948.

Notification undertaking the liability
for the repayment of liabilities of
merged States.

Sir,

I am directed to refer to your letter No. 65354 W & M-3 dated the 8th September, 1948 on the above subject and to say that there is no objection to the Government of Madras issuing a Notification undertaking responsibility for repayment of such liabilities of the merged States as are considered by them to be reasonable and bona fide. In this connection I am to invite your attention to paragraph 28 of the Memorandum on personal rights and privileges, issued by this Ministry, a copy of which was sent to Chief Secretary to the Government of Madras separately.

Yours faithfully,

Under Secretary to the
Government of India.

True Copy.

Finance (Ways and Means).

Letter No. 65354 W & M-3 dated 8-9-48.

To

The Secretary to the Government of India,
Ministry of States,
New Delhi.

Sir,

Sub: Pudukottai and Banganapalle States- Merger with
the Madras Province- Notification undertaking
the liability for repayment of deposits and
Fund contributions etc- payable by the States.

I am directed to invite your attention to the proceedings of the Madras Government No. 692 Finance dated 17-7-48 Copy enclosed in which it was notified that all loans advanced from the State Treasuries of the Pudukottai and Banganapalle States prior to the dates of merger and outstanding on those dates shall be repayable to the Government of Madras. The above notification was issued at the instance of the Collector of Kurnool who stated that some loans advanced by the State Treasury at Banganapalle were still outstanding.

2. A question has now been raised whether the Madras Government should issue a similar notification undertaking the liability for repayment in respect of deposit fund contributions etc., Prima facie the Government with whom the States have merged should not repudiate the liabilities referred to above. If the amounts payable to the States are to be paid to this Government it would seem proper that the amounts payable by the States should also be paid by this Government. The merger is, however, an act of State, and it is very doubtful whether Courts of Law can enforce these liabilities against this Government.

3. I am therefore to request you kindly to let me know whether there is any objection to the Madras Government issuing a notification undertaking responsibility for repayment in respect of the liabilities of the States .

Y.E.

Copy to Accountant-General, Madras .
with reference to his

No. T.M. 10-10/48-49/818 dated 30-7-48.

True Copy.

Government of India
Ministry of States.

Dated New Delhi, the 6th November 1948.
8¹⁴.

CORRIGENDUM.

Notification undertaking the liability for the repayment of liabilities of merged States.

A. | In the Ministry of States letter/endorsement No. D.134-P/48 dated November 5, 1948 on the above subject for No. "D.134" please read "D13409".

To

The Secretary to the Government of Madras,
Finance Department.

Finance.

The Government of India letter referred to above was not received in this section. This may be circulated to all sections of this Department. If any of them are in receipt of the original letter they may take over this current also for further action.

True Copy.

GOVERNMENT OF MADRAS.

Abstract.

Ways and Means- Liabilities of the Banganapalle and Pudukottai States- Outstanding on the Date of merger with the Government of Madras- Liability for repayment by the Madras Government- Orders issued.

Finance (ways & Means) Department.

G.O. No. 1078, Finance, dated 24th November, 1948.

Read the following:-

G.O. No. 692 Finance dated 17-7-48.
From the Accountant-General, Madras :
No. TM. 10-10/48-49/818, 30-7-48.

From the Government of India,
Ministry of States,
New Delhi No. D13409-P/48, dated
5-11-48.

ORDER:

The following notification will be published in the Fort St. George Gazette and in the District Gazettes of Kurnool and Tiruchirappalli:-

NOTIFICATION.

In exercise of the powers conferred by section 4 of the Extra-Provincial Jurisdiction Act. 1947 (Central Act XLVII of 1947), read with the Notification of the Government of India in the Ministry of States No. 176-IB, ~~Government of India in the Ministry of States No. 176-IB~~, dated 23rd March 1948, and of all other powers enabling him in this behalf, His Excellency the Governor of Madras hereby makes the following Order.

ORDER.

All Liabilities such as deposits, and fund contributions incurred by the Banganapalle State before the 20th February 1948 and outstanding on that date and all such liabilities incurred by the Pudukottai State before the 3rd March 1948 and outstanding on that date which may be considered by the Government of Madras to be reasonable and bona fide shall stand transferred to them.

(By order of His Excellency the Governor)

Sd. x x x .

Additional Deputy Secretary to
Government.

To the Superintendent Government Press, Madras for publication
of the notification in Fort St. George Gazette,
To the Collectors of Kurnool and Tiruchirapalli
To the Board of Revenue
To the Hon'ble the Chief Justice of the High Court (C.L.).
To the Legal and Public (Poll) Department..
To the Other Departments of the Secretariat.
To the Accountant-General, Madras.
To the Manager, Reserve Bank of India, Madras.
Copy to Government of India, Ministry of States, New Delhi. (3 copies).
To the Public works (I. & P.) department.

True Copy.

Ammy
Superintendent
Madras Record Office.
Hd.
25/6.

Finance (ways and means)

Subject: Loans and Advances issued by the States of Pudukottai and Banganapalle-Outstanding on the date of merger.

From

The Accountant-General, Madras, No. TM.10/10/48-49/818 dated the 30th July 1948.

Please see the letter from the Accountant General, Madras, on page 1 cf.

2. The notification contained in G.O. No. 692 Finance dated the 7th July 1948 was issued at the instance of the Collector of Kurnool who stated that some loans advanced by the State treasury at Banganapalle were still outstanding and suggested that it might be necessary to notify that the sums due to the Banganapalle State outstanding at the time of merger were liable to be repaid to the Madras Government. As a similar position might exist in regard to Pudukottai also, the notification issued in that connection covered both the merged areas.

3. The question whether the Government should issue a similar notification in regard to the liabilities of the State to depositors, fund contributions etc was not specifically examined then. Prima facie, the Government with whom the States have merged will not repudiate the liabilities of the State by way of repayment of deposits and fund contributions. It was only necessary to protect the Government in regard to the amounts due to them from individuals etc. The Accountant-General may perhaps be informed that it is not proposed to issue similar orders providing for the Government to undertake the liability for repayment of deposits and fund contributions in view of A above. The Legal Department may be requested to advise whether the position as stated above is in order.

Legal Department.

Prima facie, if the amounts payable to the States are to be paid to this Government, it would seem also to be right that the amounts payable by the States should also be paid by this Government; in other words, this Government may be said to take over the assets and liabilities of the States as their successors. The merger is, however, an act of State and it is very doubtful whether Courts of Law can enforce these liabilities against this Government. If, as stated at A on the previous page, the Government do not propose to repudiate the liabilities of the State, Finance may well consider whether there is any objection to issuing an order in respect of them as they have done in the case of assets. This may be done in consultation with the Government of India.

Finance (ways and Means)

Please see the notes of the Legal Department on pp 1-2 above. As it is not quite clear whether a notification as suggested by the A.G. should be issued by this Government in respect of the liabilities of the States, the Government of India may be addressed for instructions in the matter, as advised by Legal.

A draft letter to the Government of India is submitted for approval. Public (Poll) may see before issue.

Public (Poll) Department.

The notes of Finance and Legal on pp1-2 above and the draft letter to the Government of India may be perused and the file returned to Finance.

Finance
~~Finance~~ (W & M)

The draft letter to the Government of India may now be issued.

Finance (W & M).

From the Government of India, Ministry of States New Delhi,
W.D. 13409-P/48 dated 5-11-48.

Please see the letter from the Government of India, Ministry of States on p.6 cf.

The Government of India have no objection to issuing a notification similar to G.O. No.692 Fin. dated 17-7-48 in respect of repayment of such liabilities are reasonable and bona fide. A draft notification is submitted for approval. It may be sent to Legal and Public (Poll) for acceptance before issue.

Legal (Public (Poll))

LEGAL DEPARTMENT.

The alterations indicated in red ink on the draft notification may be made.

Public (Poll) Dept.

The draft order below may be perused and the file returned to Finance.

Finance (W & M)

The draft order with the alterations indicated by Legal may now be issued.

^{M3}
(Issued as G.O. No. 1078 Fin, dated 24.11.48)
(Notified in Fort St. George Gazette dated
30-11-48 in Notification No. 151 on P1150 of
Part I).

True Copy.

[Signature]
Superintendent,
Madras Record Office.

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